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*Co-Lead Counsel for Lead Plaintiffs and the Class*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

SIMO DUVNJAK, Individually and  
On Behalf of All Others Similarly  
Situating,

Plaintiff,

v.

BOX, INC., AARON LEVIE, and  
DYLAN SMITH,

Defendants.

Case No. 4:19-cv-03173-PJH

**AMENDED CLASS ACTION  
COMPLAINT FOR  
VIOLATIONS OF THE  
FEDERAL SECURITIES  
LAWS**

**CLASS ACTION**

**JURY TRIAL DEMANDED**

1           Lead Plaintiffs Simo Duvnjak, Wayne Judd, and Kathy Judd (“Plaintiffs”),  
2 by their undersigned attorneys, individually and on behalf of all other persons  
3 similarly situated, allege the following based upon personal knowledge as to  
4 Plaintiffs’ own acts, and information and belief as to all other matters, based upon,  
5 *inter alia*, the investigation conducted by and through Plaintiffs’ attorneys, which  
6 included, among other things, a review of Defendants’ public documents,  
7 conference calls and announcements made by Defendants, United States Securities  
8 and Exchange Commission (“SEC”) filings, wire and press releases published by  
9 and regarding Box, Inc. (“Box” or “Company”), analysts’ reports and advisories  
10 about the Company, interviews with former employees of the Company, and  
11 information readily obtainable on the Internet. Plaintiffs believe that substantial  
12 evidentiary support will exist for the allegations set forth herein after a reasonable  
13 opportunity for discovery.

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19 **I. NATURE OF THE ACTION**

20           1. This is a federal securities class action brought on behalf of a class  
21 consisting of all persons and entities, other than Defendants and their affiliates, who  
22 purchased or otherwise acquired publicly traded securities of Box from November  
23 28, 2018 through June 3, 2019, inclusive (the “Class Period”), seeking to recover  
24 compensable damages caused by Defendants’ violations of federal securities laws  
25 (the “Class”).  
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1           2.       Throughout the Class Period, Defendants Box, Aaron Levie (“Levie”),  
2 its Chief Executive Officer (“CEO”), Co-founder, and Chairman, and Dylan Smith  
3 (“Smith”), its Chief Financial Officer (“CFO”) and Co-founder, made materially  
4 false and misleading statements about the sales cycles and expected closings of the  
5 Company’s seven-figure deals. Additionally, Defendants issued guidance to  
6 investors that was not supported by facts about their sales cycles that they knew at  
7 the time.  
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10           3.       Box provides a cloud content management platform to its clients, who  
11 use its applications to manage complex and dynamic operating environments. Box  
12 focuses on the enterprise market and works with 70% of Fortune 500 companies.  
13

14           4.       In addition to its consolidated financial statements, which it prepares  
15 in accordance with Generally Accepted Accounting Principles (“GAAP”), Box  
16 provides investors with other performance measures. One of the most important is  
17 its billings, which Box has consistently described to investors as a leading indicator  
18 of future revenue.  
19

20           5.       On November 28, 2018, Defendants announced the Company’s  
21 financial results for the third quarter of fiscal year 2019 (“FY2019”),<sup>1</sup> ended  
22 October 31, 2019, reporting revenue growth and disclosing that it was on track to  
23 deliver its first quarter of non-GAAP profitability in the fourth quarter of FY2019.  
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<sup>1</sup> Box’s fiscal year ends January 31.

1           6.       On a conference call with analysts held on the same day (“November  
2 28 Earnings Call”), Defendants Levie and Smith provided guidance for billings  
3 growth in the fourth quarter of FY2019. Defendant Smith stated that “we continue  
4 to expect Q4 calculated billings growth to be in the mid-20% range” year-over-year.  
5 Defendant Levie elaborated that Defendants were confident about billings growth  
6 because they had already seen a significant shift in the Company’s sales strategy  
7 towards bundled solutions in the third quarter of FY2019 that they expected to  
8 continue in the next quarter. Touting stronger visibility in the fourth quarter pipeline  
9 Smith expressed bolstered confidence in the outlook for billings, conveying his  
10 expectation that deals would show up in the Company’s fourth quarter billings.  
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12           7.       On February 27, 2019, however, the Company issued a press release,  
13 reporting fourth quarter billings of \$237.7 million, up 16% year-over-year, falling  
14 materially short of the 20% guidance that they had provided on November 28. To  
15 explain the failure, Defendants cited underperformance in the Europe, Middle East  
16 and Africa (“EMEA”) market and longer sales cycles for some seven-figure deals.  
17

18           8.       In the February 27, 2019 press release, Defendants also provided  
19 guidance for the 2020 fiscal year (“FY2020”), telling investors that the Company  
20 expected revenue in the range of \$700 million to \$704 million, GAAP basic and  
21 diluted net loss per share in the range of \$1.06 to \$1.02, non-GAAP basic and  
22 diluted net loss per share in the range of \$0.03 to \$0.01, and weighted average basic  
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1 and diluted shares outstanding of approximately 148 million and 146 million,  
2 respectively.

3           9. On a conference call with analysts held on the same day, Defendants  
4 Levie and Smith attempted to explain the Company's failure to meet expectations  
5 for its billings for the quarter. Levie told investors that the Company  
6 underperformed against its expectations for seven-figure deals in the quarter,  
7 because these more complex deals were taking longer to close than planned. He  
8 also explained that the fourth quarter saw a greater impact from the Company's  
9 weakness in EMEA than Defendants had anticipated. Defendants told investors that  
10 the seven-figure deals were all still in the Company's pipeline, and that they  
11 expected the majority to close in the first half of FY2020.

12           10. Smith explained that Box's guidance for FY2020 incorporated the  
13 impact of the Company's underperformance in EMEA and seven-figure deal  
14 execution in the fourth quarter of 2019, with each representing approximately a \$10  
15 million headwind to the annual revenue versus their previous expectations. He also  
16 disclosed that one of the Company's customers significantly reduced its spend with  
17 Box upon its renewal earlier in February, representing an additional headwind of  
18 approximately \$8 million in the coming fiscal year.

19           11. On this news, the Company's share price fell \$4.64, or nearly 19%, to  
20 close at \$20.24 on February 28, 2019, on unusually heavy trading volume.

1           12. On June 3, 2019, after the market closed, the news got worse. Box  
2 lowered its fiscal 2020 revenue outlook to a range of \$688 million to \$692 million,  
3 from previous guidance of \$700 million to \$704 million, again citing longer sales  
4 cycles for its seven-figure deals.

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6           13. On this news, the Company's share price fell by \$0.75, or more than  
7 4%, to close at \$17.18 per share on June 4, 2019, on unusually heavy trading  
8 volume.

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10           14. Throughout the Class Period, Defendants misled investors, setting  
11 expectations for billings that they knew the Company could not meet due to longer  
12 sales cycles for seven-figure deals and problems in its ability to close sales in  
13 EMEA. As a direct and proximate result of their knowing or reckless material  
14 misstatements and omissions, Plaintiffs and the Class have suffered damages.

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17 **II. JURISDICTION AND VENUE**

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19           15. The claims asserted herein arise under and pursuant to Sections 10(b)  
20 and 20(a) of the Exchange Act (15 U.S.C. § 78j(b) and 78t(a)) and Rule 10b-5  
21 promulgated thereunder (17 C.F.R. § 240.10b-5).

22  
23           16. This Court has jurisdiction over the subject matter of this action  
24 pursuant to § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

1           17. Venue is proper in this District pursuant to § 27 of the Exchange Act,  
2 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b), as the Company conducts business and  
3 maintains an office in this District.  
4

5           18. In connection with the acts, conduct and other wrongs alleged in this  
6 Complaint, Defendants, directly or indirectly, used the means and instrumentalities  
7 of interstate commerce, including but not limited to, the United States mail,  
8 interstate telephone communications and the facilities of the national securities  
9 exchange.  
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### 12 **III. PARTIES**

13           19. As listed in their Certifications, filed with their Lead Plaintiff Motion  
14 in this case (ECF No. 10-2), incorporated herein by reference in its entirety, Lead  
15 Plaintiffs Simo Suvnjak, Wayne Judd, and Kathy Judd acquired Box securities at  
16 artificially inflated prices during the Class Period and were damaged upon the  
17 revelation of the alleged corrective disclosures.  
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20           20. Defendant Box provides a cloud content management platform to its  
21 clients, who use its applications to manage complex and dynamic operating  
22 environments. Box is a Delaware corporation with its headquarters located at 900  
23 Jefferson Avenue, Redwood City, California 94063. Box securities trade on the  
24 New York Stock Exchange (“NYSE”) under the ticker symbol “BOX.”  
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1           21. Defendant Levie was the Company's CEO throughout the Class  
2 Period, as well as Box's co-founder and chairman.

3           22. Defendant Smith served as the Company's CFO throughout the Class  
4 Period. He is also a co-founder of Box and a member of the Company's Board of  
5 Directors.  
6

7           23. Defendants Levie and Smith are sometimes referred to herein as the  
8 "Individual Defendants."  
9

10          24. Each of the Individual Defendants:  
11

- 12           a. directly participated in the management of the Company;  
13           b. was directly involved in the day-to-day operations of the Company  
14               at the highest levels;  
15           c. was privy to confidential proprietary information concerning the  
16               Company and its business and operations;  
17           d. was directly or indirectly involved in drafting, producing,  
18               reviewing and/or disseminating the false and misleading statements  
19               and information alleged herein;  
20           e. was aware of or recklessly disregarded the fact that the false and  
21               misleading statements were being issued concerning the Company;  
22               and/or  
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1 f. approved or ratified these statements in violation of the federal  
2 securities laws.

3 25. Box is liable for the acts of the Individual Defendants and its  
4 employees under the doctrine of *respondeat superior* and common law principles  
5 of agency as all of the wrongful acts complained of herein were carried out within  
6 the scope of their employment with authorization.  
7

8 26. The scienter of the Individual Defendants and other employees and  
9 agents of the Company is similarly imputed to Box under *respondeat superior* and  
10 agency principles.  
11

12 27. Defendant Box and the Individual Defendants are referred to herein,  
13 collectively, as the “Defendants.”  
14

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16 **IV. BACKGROUND**

17 28. Box describes itself as a leading enterprise content platform. The  
18 Company’s quarterly report for the period ended October 31, 2018, filed on Form  
19 10-Q with the SEC on December 6, 2018 described Box as providing “a leading  
20 cloud content management platform that enables organizations of all sizes to  
21 securely manage cloud content while allowing easy, secure access and sharing of  
22 this content from anywhere, on any device.” Box’s customers can upload files to  
23 the Company’s servers and give multiple users the right to view and edit shared  
24 files. The Company’s clients include 70% of Fortune 500 companies, including  
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1 AstraZeneca, General Electric, JLL, and Nationwide. Box's competitors include  
2 Microsoft, Google, and Dropbox.

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4 **V. MATERIALLY FALSE AND MISLEADING STATEMENTS ISSUED**  
5 **DURING THE CLASS PERIOD**

6 29. On November 28, 2018, Box issued a press release announcing its  
7 financial results for the third quarter of FY2019.

8 30. In the November 28 press release, Defendants stated that billings are  
9 an important performance measure for the Company because they are a leading  
10 indicator of future revenue, explaining:

12 Billings reflect, in any particular period, (1) sales to new  
13 customers, plus (2) subscription renewals and (3)  
14 expansion within existing customers, and represent  
15 amounts invoiced for all products and professional  
16 services. Box calculates billings for a period by adding  
17 changes in deferred revenue and contract assets in that  
18 period to revenue. Box believes that billings help  
19 investors better understand sales activity for a particular  
20 period, which is not necessarily reflected in revenue as a  
21 result of the fact that Box recognizes subscription revenue  
22 ratably over the subscription term. Box considers billings  
23 a significant performance measure and, after adjusting for  
24 any shifts in relative payment frequencies, a leading  
25 indicator of future revenue. Box monitors billings to  
26 manage the business, make planning decisions, evaluate  
27 performance and allocate resources. Box believes that  
28 billings offers valuable supplemental information  
regarding the performance of the business and will help  
investors better understand the sales volumes and  
performance of the business. Although Box considers  
billings to be a significant performance measure, Box  
does not consider it to be a non-GAAP financial measure

1 given that it is calculated using exclusively revenue,  
2 deferred revenue, and contract assets, all of which are  
3 financial measures calculated in accordance with GAAP.

4 31. Accordingly, in the November 28 Earnings Call, Defendants Levie and  
5 Smith discussed the Company's billings expectations for the fourth quarter of  
6 FY2019 in detail. Smith set expectations high, explaining that the Company  
7 expected most of the large deals it had contracted earlier in the year to close in the  
8 fourth quarter, driving significant billings growth:  
9

10 This year, we've been seeing an increase in large deal  
11 volumes as well as higher add-on product attach rates  
12 associated with increasingly robust Box implementations.  
13 As we've been mentioning throughout the year, we've  
14 been expecting most of these larger deals to close later in  
15 the year, predominantly in Q4. ***As such, we continue to  
expect Q4 calculated billings growth to be in the mid-  
20% range.***

16 (Emphasis added.)  
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18 32. Defendants' guidance to investors to expect billings growth in the  
19 fourth quarter of FY2019 to be in the mid-20% range year-after-year was materially  
20 misleading because Defendants knew that the Company could not close the  
21 complex seven-figure deals that would enable it to meet that expectation in the  
22 fourth quarter of FY2019.  
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1           33.   Echoing Smith's guidance on billings, Levie answered an analyst's  
2 question about what gave him confidence that the Company could meet the stated  
3 expectation of 20% growth in billings year-over-year by explaining:  
4

5           So as we noted at the beginning of the year, we, in FY '19,  
6 really wanted to evolve how we were selling to  
7 customers. And instead of going in, really talking about  
8 file sharing and collaboration, starting to change the  
9 conversation around content management and powering  
10 more and more business processes for our customers. And  
11 while that took a couple of quarters to roll through our  
12 sales motion, we think that you're now starting to see that  
13 show up in a much more significant way. Q3, I think, is  
14 the first major quarter of evidence of that when you look  
15 at our large deal traction of, again, 40% growth in the  
16 100k segment, 120% growth in the 500k segment, 200%  
17 in the \$1 million segment...And we think that's going to  
18 continue to show up in Q4 and, obviously, be an  
19 incredibly important fixture of how we sell going forward  
20 into the future. And then one other note I would just say  
21 is we have been seeing more and more customer -- we've  
22 been seeing more customer into Q4, but really important  
23 in FY '20, and making sure that we can deliver sort of a  
24 bundled solutions or a suites as it were of our add-on  
25 products that come together. So customers don't have to  
26 buy sort of one at a time, but you can actually get the full  
27 power of Box in one transaction. So that -- we have a lot  
28 of learnings this year that we think are going to be baked  
into our sales motion going into the future. And the nice  
benefit of this is not only does it do things like grow our  
average contract value and deal size, it actually improves  
our competitiveness from a win rate standpoint because it  
bolsters Box's core differentiation as really being a cloud  
content management platform.

1           34. Defendants' guidance to investors to expect billings growth in the  
2 fourth quarter of FY2019 to be in the mid-20% range year-after-year was materially  
3 misleading because Defendants knew that the Company could not close the  
4 complex seven-figure deals that would enable it to meet that expectation in the  
5 subsequent quarter.  
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7           35. Responding to a question about what gave him confidence in  
8 Defendants' fourth quarter outlook for billings, Smith stated:  
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10                   [A]s we get closer now, we're in the fourth quarter, *we*  
11                   *have stronger visibility and confidence in that Q4*  
12                   *pipeline.* But it's really, as a reminder, the confluence of  
13                   a lot of the pipeline that we've been generating throughout  
14                   the year, especially as these solution selling motions have  
15                   sort of rolled. Many of those deals are showing up in Q4,  
16                   which is why we've said, throughout the year, we expect  
17                   this year to be more back end loaded than we've seen in  
18                   past years, so really same drivers. Just with the passage  
19                   of time, that confidence has increased.

20           (Emphasis added.) By touting visibility and confidence in the Company's pipeline  
21 for billings for the fourth quarter of FY2019, Smith showed that he and Levie were  
22 closely monitoring deals with Box's larger customers.

23           36. Smith's statement that greater visibility into the fourth quarter of  
24 FY2019 provided confidence in Box's fourth quarter outlook for billings was  
25 materially misleading because Defendants knew that the Company could not close  
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1 the complex seven-figure deals that would enable it to meet that expectation in the  
2 fourth quarter of FY2019.

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4 **VI. THE TRUTH BEGINS TO EMERGE, AS DEFENDANTS**  
5 **CONTINUE TO MAKE FALSE STATEMENTS**

6 37. On February 27, 2019, the Company issued a press release reporting  
7 fourth quarter billings of \$237.7 million, up 16% year-over-year. This performance  
8 fell materially short of the 20% expectation that they had set on November 28. To  
9 explain the failure, Defendants cited underperformance in the EMEA market and  
10 longer sales cycles for some seven-figure deals.  
11

12 38. The Company's February 27, 2019 press release also provided  
13 guidance for FY2020, disclosing expected revenue in the range of \$700 million to  
14 \$704 million, GAAP basic and diluted net loss per share in the range of \$1.06 to  
15 \$1.02, non-GAAP basic and diluted net loss per share in the range of \$0.03 to \$0.01,  
16 and weighted average basic and diluted shares outstanding of approximately 148  
17 million and 146 million, respectively.  
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19 39. The Company's guidance was materially misleading because  
20 Defendants knew that their inability to timely close seven-figure deals and the loss  
21 of material business from a large customer rendered it unable to meet it.  
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1           40. On a conference call with analysts held on the same day (the “February  
2 27 Earnings Call”), Defendants Levie and Smith explained the Company’s failure  
3 to meet expectations for its billings for the quarter. Smith stated:  
4

5           Fourth quarter billings came in at \$237.7 million,  
6 representing 16% calculated and 17% adjusted billings  
7 growth year-over-year, falling short of our original  
8 expectation of growth in the mid-20s. As Aaron  
9 mentioned, this outcome was the result of some 7-figure  
deals that are taking longer to close than we had expected  
and our disappointing execution in EMEA.

10           41. Later on the February 27 Earnings Call, Levie stated that the seven-  
11 figure deals that the Company failed to close were in the pipeline for the year,  
12 admitting a longer sales cycle than the one that Defendants had told investors to  
13 expect on November 28, 2018. Specifically, Levie told analysts:  
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16           We're again not happy, I'm not satisfied with the Q4  
17 results in the big deal segments, especially the 7-figure  
18 deals. However, those customers are still in the pipeline  
19 for this year. Tend to be very large, regulated customers,  
20 often in banking or government agencies or life sciences  
21 where the deals tend to be more complex in nature from  
22 a security, legal, compliance standpoint. But overall, we  
have not changed our view of the momentum and the  
pipeline that we're seeing in the business.

23           42. Levie went on to explain the reasons for the complexity of the  
24 Company’s seven-figure deals by providing a list of issues that are all foreseeable  
25 when working on a transaction with certain customers, stating:  
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1 [U]nfortunately, due to the complexity of some of these  
2 transactions, there's – some of that is not fully within our  
3 control. I'd say due to the kinds of customers we're talking  
4 about where the intellectual property that's within their  
5 files and their data is very sensitive, could be client  
6 records, could be government data and information, it just  
7 puts a very high threshold on the security review, the  
8 compliance review, the data privacy reviews of our  
9 customers, which often involves a pretty broad set of  
10 individuals and parts of the organization that we have to  
11 go and work through. And then, of course, obviously, as  
12 always, budgeting and kind of finance decisions as well  
13 in that process. So the complexity of these deals,  
14 obviously, has increased over the past couple of years,  
15 really driven by the strategic nature of these transactions.

16 43. Defendants told investors, however, to expect the seven-figure deals  
17 that they had failed to close in the previous quarter to close in the first half of  
18 FY2020. Levie stated:

19 But that 7-figure category, we are not happy about those  
20 results. We're seeing those 7-figure deals in both our Q1  
21 and Q2 pipeline, so we have a high degree of confidence  
22 that we'll get the majority of those things closed  
23 throughout the next couple of quarters into Q3. And that's  
24 where we'll see these deals show up.

25 44. Levie's statement was materially misleading because Defendants  
26 knew that the seven-figure deals that the Company had failed to close during the  
27 fourth quarter of FY2019 would actually close not in the first and second quarters  
28 of FY2020, but during the second half of the year.



1           45. Smith also explained that the fourth quarter saw a greater impact from  
2 the Company's weakness in EMEA than Defendants had guided investors to expect,  
3 with results significantly down year-on-year in terms of productivity.  
4

5           46. Defendants also stated on the February 27, 2019 Earnings Call that  
6 Box's guidance for FY2020 incorporated the impact of the Company's  
7 underperformance in EMEA and seven-figure deal execution in the fourth quarter  
8 of FY2019, with each representing approximately a \$10 million headwind to the  
9 annual revenue versus their previous expectations. They also disclosed that one Box  
10 customers had significantly reduced its spend earlier in the month, representing an  
11 additional headwind of approximately \$8 million in the coming fiscal year.  
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14           47. Similarly, on a Morgan Stanley Technology, Media & Telecom  
15 Conference call held the following day, Smith was explicit that the Company's  
16 underperformance in seven-figure deal execution and EMEA, as well as a large  
17 customer downgrading its deployment, was incorporated into Box's guidance for  
18 FY2020, stating:  
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21                   So all of the factors, these 3 main buckets, are all  
22 incorporated into the guidance that we gave last night.  
23 And there's the 2 areas that we have talked about, both the  
24 7-figure deal execution as well as EMEA  
25 underperformance, each of which contributed to roughly  
26 \$10 million headwind or to a \$10 million impact to our  
27 FY '20 guidance versus our prior expectations. And then  
28 that large customer downgrading their deployment has  
another roughly \$8 million impact to our FY '20

1 guidance. And as it relates to the larger deals that we  
2 didn't ultimately close in Q4, most of those are still in the  
3 pipeline and set to close throughout the course of FY '20.  
4 Given some of the challenges and complexities with those  
5 deals and the fact that we've seen, in certain areas, the  
6 solution selling is taking a little bit longer to roll out and  
7 see success than we had originally expected, we did want  
8 to take a pretty prudent approach to our expectations  
9 around when those deals will close. ***But it is all -- those  
10 are incorporated into our guidance.***

11 (Emphasis added.)

12 48. Levie then emphasized that “to be clear, not a single [deal] has been  
13 lost to any competitor or pushed out of the pipeline.”

14 49. Defendants’ statements that Box’s guidance incorporated the  
15 Company’s underperformance in seven-figure deal execution and EMEA, as well  
16 as the loss of revenue from a large customer downgrading its deployment were  
17 materially misleading because Defendants knew that these headwinds, which they  
18 already knew about at the time that they provided investors with guidance for  
19 FY2020, were not in fact sufficiently accounted for in Box’s guidance.

20 50. On the news that Box had failed to meet its expectations for billings  
21 growth and had materially understated the sales cycle for seven-figure deals, the  
22 Company’s share price fell \$4.64, or nearly 19%, to close at \$20.24 on February 28,  
23 2019, on unusually heavy trading volume  
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1 **VII. THE TRUTH EMERGES**

2 51. On June 3, 2019, after the market closed, Box issued a press release  
3 lowering its fiscal 2020 revenue outlook to a range of \$688 million to \$692 million,  
4 from previous guidance of \$700 million to \$704 million. The Company changed its  
5 expected GAAP basic and diluted net loss per share to the range of \$1.05 to \$1.03,  
6 its non-GAAP basic and diluted net loss per share to the range of \$0.00 to \$0.02,  
7 and its weighted average diluted shares to approximately 155 million.  
8

9  
10 52. On an earnings call held on the same day, Defendants Levie and Smith  
11 attributed the adjustment to the Company's guidance to – once again – longer sales  
12 cycles for seven-figure deals. Smith told analysts that “[I]n light of our anticipation  
13 of longer sales cycles across our larger deals, we now expect revenue to be in the  
14 range of \$688 million to \$692 million.”  
15

16  
17 53. Melissa Franchi of Morgan Stanley questioned whether Defendants’  
18 ascribing the adjustment to guidance to longer sales cycles for large deals meant  
19 that the sales cycles had become even longer, asking Levie, “Aaron, when we spoke  
20 last quarter, you talked about elongating sales cycles and some deals that had  
21 slipped from Q4. Coming into Q1, did the sales cycle elongate further than what  
22 you saw last quarter?” Levie responded that it did not:  
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25  
26 So overall, I think we're seeing a really strong pipeline  
27 buildup throughout the year with pretty clear kind of close  
28 dates in a very measurable way across the business. So I

1 don't know that we're seeing an increase in the sales cycle  
2 length from where we were 3 months ago. I think we're  
3 just getting a better sense for it overall, though, as it  
relates to the financial model this year.

4 In other words, Levie admitted that Defendants had already known the length of the  
5 Company's sales cycles for longer deals when they first issued guidance on  
6 February 27, 2019, and when they told investors that they expected such deals to  
7 close during the first half of FY2020. In fact, Defendants later admitted on August  
8 28, 2019, when they held an earnings call in connection with the release of the  
9 Company's financial statement for the second quarter of 2020, that seven-figure  
10 deals generally close in the second half of the year. Accordingly, Defendants' June  
11 3, 2019 downgrade to the Company's guidance demonstrates that this information  
12 did not support the guidance as originally issued.  
13

14 54. On this news, the Company's share price fell by \$0.75, or more than  
15 4%, to close at \$17.18 per share on June 4, 2019, on unusually heavy trading  
16 volume.  
17

18 55. As a result of Defendants' wrongful acts and omissions, and the  
19 precipitous decline in the market value of the Company's securities Plaintiffs and  
20 other Class members have suffered significant losses and damages.  
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**VIII. PLAINTIFF'S CLASS ACTION ALLEGATIONS**

56. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Box securities publicly traded on NYSE during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

57. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Box securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can be ascertained only through appropriate discovery, Plaintiffs believe that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Box or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

1           58. Plaintiffs' claims are typical of the claims of the members of the Class  
2 as all members of the Class are similarly affected by Defendants' wrongful conduct  
3 in violation of federal law that is complained of herein.  
4

5           59. Plaintiffs will fairly and adequately protect the interests of the  
6 members of the Class and has retained counsel competent and experienced in class  
7 and securities litigation. Plaintiffs have no interests antagonistic to or in conflict  
8 with those of the Class.  
9

10           60. Common questions of law and fact exist as to all members of the Class  
11 and predominate over any questions solely affecting individual members of the  
12 Class. Among the questions of law and fact common to the Class are:  
13

- 14           a. whether the federal securities laws were violated by Defendants' acts  
15 as alleged herein;  
16  
17           b. whether statements made by Defendants to the investing public during  
18 the Class Period misrepresented material facts about the business,  
19 operations, and management of Box;  
20  
21           c. whether the Individual Defendants caused Box to issue false and  
22 misleading statements during the Class Period;  
23  
24           d. whether Defendants acted knowingly or recklessly in issuing false and  
25 misleading financial statements;  
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1 e. whether the prices of Box securities during the Class Period were  
2 artificially inflated because of the Defendants' conduct complained of  
3 herein; and  
4

5 f. whether the members of the Class have sustained damages and, if so,  
6 what is the proper measure of damages.  
7

8 61. A class action is superior to all other available methods for the fair and  
9 efficient adjudication of this controversy since joinder of all members is  
10 impracticable. Furthermore, as the damages suffered by individual Class members  
11 may be relatively small, the expense and burden of individual litigation make it  
12 impossible for members of the Class to individually redress the wrongs done to  
13 them. There will be no difficulty in the management of this action as a class action.  
14  
15

16 62. Plaintiffs will rely, in part, upon the presumption of reliance  
17 established by the fraud-on-the-market doctrine in that:  
18

19 a. Defendants made public misrepresentations or failed to disclose  
20 material facts during the Class Period;

21 b. the omissions and misrepresentations were material;  
22

23 c. Box securities are traded in an efficient market;

24 d. the Company's shares were liquid and traded with moderate to heavy  
25 volume during the Class Period;  
26

27 e. the Company traded on NYSE and was covered by multiple analysts;  
28

1 f. the misrepresentations and omissions alleged would tend to induce a  
2 reasonable investor to misjudge the value of the Company's securities;  
3 and  
4

5 g. Plaintiffs and members of the Class purchased, acquired and/or sold  
6 Box securities between the time the Defendants failed to disclose or  
7 misrepresented material facts and the time the true facts were  
8 disclosed, without knowledge of the omitted or misrepresented facts.  
9

10 63. Based upon the foregoing, Plaintiffs and the members of the Class are  
11 entitled to a presumption of reliance upon the integrity of the market.  
12

13 64. Alternatively, Plaintiffs and the members of the Class are entitled to  
14 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
15 *Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972),  
16 as Defendants omitted material information in their Class Period statements in  
17 violation of a duty to disclose such information, as detailed above.  
18  
19

20  
21 **COUNT I**

22 **Violations of Section 10(b) of the Exchange Act and**

23 **Rule 10b-5 against All Defendants**

24 65. Plaintiffs repeat and reallege each and every allegation contained  
25 above as if fully set forth herein.  
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1           66. This Count is asserted against Defendants and is based upon Section  
2 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
3 thereunder by the SEC.  
4

5           67. During the Class Period, Defendants engaged in a plan, scheme,  
6 conspiracy and course of conduct, pursuant to which they knowingly or recklessly  
7 engaged in acts, transactions, practices and courses of business which operated as a  
8 fraud and deceit upon Plaintiffs and the other members of the Class; made various  
9 untrue statements of material facts and omitted to state material facts necessary in  
10 order to make the statements made, in light of the circumstances under which they  
11 were made, not misleading; and employed devices, schemes and artifices to defraud  
12 in connection with the purchase and sale of securities. Such scheme was intended  
13 to, and, throughout the Class Period, did: (i) deceive the investing public, including  
14 Plaintiffs and other Class members, as alleged herein; (ii) artificially inflate and  
15 maintain the market price of Box securities; and (iii) cause Plaintiffs and other  
16 members of the Class to purchase or otherwise acquire Box securities at artificially  
17 inflated prices. In furtherance of this unlawful scheme, plan and course of conduct,  
18 Defendants, and each of them, took the actions set forth herein.  
19  
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24           68. Pursuant to the above plan, scheme, conspiracy and course of conduct,  
25 each of the Defendants participated directly or indirectly in the preparation and/or  
26 issuance of the quarterly and annual reports, SEC filings, press releases and other  
27  
28

1 statements and documents described above, including statements made to securities  
2 analysts and the media that were designed to influence the market for Box  
3 securities. Such reports, filings, releases and statements were materially false and  
4 misleading in that they failed to disclose material adverse information and  
5 misrepresented the truth about Box.  
6

7  
8 69. By virtue of their positions at Box, Defendants had actual knowledge  
9 of the materially false and misleading statements and material omissions alleged  
10 herein and intended thereby to deceive Plaintiffs and the other members of the  
11 Class, or, in the alternative, Defendants acted with reckless disregard for the truth  
12 in that they failed or refused to ascertain and disclose such facts as would reveal the  
13 materially false and misleading nature of the statements made, although such facts  
14 were readily available to Defendants. Said acts and omissions of Defendants were  
15 committed willfully or with reckless disregard for the truth. In addition, each  
16 defendant knew or recklessly disregarded that material facts were being  
17 misrepresented or omitted as described above.  
18  
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21  
22 70. Defendants were personally motivated to make false statements and  
23 omit material information necessary to make the statements not misleading in order  
24 to personally benefit from the sale of Box securities from their personal portfolios.  
25

26 71. Box showing that Defendants acted knowingly or with reckless  
27 disregard for the truth is peculiarly within Defendants' knowledge and control. As  
28

1 the senior managers and/or directors of Box, the Individual Defendants had  
2 knowledge of the details of Box's internal affairs.

3 72. The Individual Defendants are liable both directly and indirectly for  
4 the wrongs complained of herein. Because of their positions of control and  
5 authority, the Individual Defendants were able to and did, directly or indirectly,  
6 control the content of the statements of Box. As officers and/or directors of a  
7 publicly-held company, the Individual Defendants had a duty to disseminate timely,  
8 accurate, and truthful information with respect to Box's businesses, operations,  
9 future financial condition and future prospects. As a result of the dissemination of  
10 the aforementioned false and misleading reports, releases and public statements, the  
11 market price of Box securities was artificially inflated throughout the Class Period.  
12 In ignorance of the adverse facts concerning Box's business and financial condition  
13 which were concealed by Defendants, Plaintiffs and the other members of the Class  
14 purchased or otherwise acquired Box securities at artificially inflated prices and  
15 relied upon the price of the securities, the integrity of the market for the securities  
16 and/or upon statements disseminated by Defendants, and were damaged thereby.

17 73. During the Class Period, Box securities were traded on an active and  
18 efficient market. Plaintiffs and the other members of the Class, relying on the  
19 materially false and misleading statements described herein, which the Defendants  
20 made, issued or caused to be disseminated, or relying upon the integrity of the  
21

1 market, purchased or otherwise acquired shares of Box securities at prices  
2 artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other  
3 members of the Class known the truth, they would not have purchased or otherwise  
4 acquired said securities, or would not have purchased or otherwise acquired them  
5 at the inflated prices that were paid. At the time of the purchases and/or acquisitions  
6 by Plaintiffs and the Class, the true value of Box securities was substantially lower  
7 than the prices paid by Plaintiffs and the other members of the Class. The market  
8 price of Box securities declined sharply upon public disclosure of the facts alleged  
9 herein to the injury of Plaintiffs and Class members.

13 74. By reason of the conduct alleged herein, Defendants knowingly or  
14 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act  
15 and Rule 10b-5 promulgated thereunder.

17 75. As a direct and proximate result of Defendants' wrongful conduct,  
18 Plaintiffs and the other members of the Class suffered damages in connection with  
19 their respective purchases, acquisitions and sales of the Company's securities  
20 during the Class Period, upon the disclosure that the Company had been  
21 disseminating misrepresented financial statements to the investing public.  
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**COUNT II**

**Violations of Section 20(a) of the Exchange Act  
Against The Individual Defendants**

76. Plaintiffs repeat and reallege each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

77. During the Class Period, the Individual Defendants participated in the operation and management of Box, and conducted and participated, directly and indirectly, in the conduct of Box's business affairs. Because of their senior positions, they knew the adverse non-public information about Box's current financial position and future business prospects.

78. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Box's business practices, and to correct promptly any public statements issued by Box which had become materially false or misleading.

79. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Box disseminated in the marketplace during the Class Period concerning the Company's business, operational and accounting policies. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Box to engage in the wrongful acts

1 complained of herein. The Individual Defendants therefore, were “controlling  
2 persons” of Box within the meaning of Section 20(a) of the Exchange Act. In this  
3 capacity, they participated in the unlawful conduct alleged which artificially  
4 inflated the market price of Box securities.  
5

6 80. Each of the Individual Defendants, therefore, acted as a controlling  
7 person of Box. By reason of their senior management positions and/or being  
8 directors of Box, each of the Individual Defendants had the power to direct the  
9 actions of, and exercised the same to cause, Box to engage in the unlawful acts and  
10 conduct complained of herein. Each of the Individual Defendants exercised control  
11 over the general operations of Box and possessed the power to control the specific  
12 activities which comprise the primary violations about which Plaintiffs and the  
13 other members of the Class complain.  
14  
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16

17 81. By reason of the above conduct, the Individual Defendants are liable  
18 pursuant to Section 20(a) of the Exchange Act for the violations committed by Box.  
19

## 20 **IX. PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiffs demand judgment against Defendants as follows:  
22

23 A. Determining that the instant action may be maintained as a class  
24 action under Rule 23 of the Federal Rules of Civil Procedure, and certifying  
25 Plaintiffs as the Class representatives;  
26  
27  
28

1           B.     Requiring Defendants to pay damages sustained by Plaintiffs and the  
2 Class by reason of the acts and transactions alleged herein;

3           C.     Awarding Plaintiffs and the other members of the Class prejudgment  
4 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees  
5 and other costs; and  
6

7           D.     Awarding such other and further relief as this Court may deem just  
8 and proper.  
9

10 **X.     DEMAND FOR TRIAL BY JURY**  
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12           Plaintiffs hereby demand a trial by jury.  
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1 Dated: November 13, 2019

Respectfully submitted,

2 **GLANCY PRONGAY & MURRAY**  
3 **LLP**

4 /s/ Lesley F. Portnoy

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23 ***Co-Lead Counsel for Plaintiffs and Class***  
24  
25  
26  
27  
28



**CERTIFICATE OF SERVICE**

I, Laurence M. Rosen, hereby declare under penalty of perjury as follows:

I am the managing attorney of The Rosen Law Firm, P.A., with offices at 355 South Grand Avenue, Suite 2450, Los Angeles, CA 90071. I am over the age of eighteen.

On November 13, 2019, I electronically filed the following **AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** with the Clerk of the Court using the CM/ECF system which sent notification of such filing to counsel of record.

Executed on November 13, 2019.

/s/ Laurence M. Rosen

Laurence M. Rosen